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STATE FOR NEA, NEA/IPA, NEA/PPD

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SUBJECT: SPECIAL ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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President Bush to Israel, West Bank, January 9-11, 2008

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Key stories in the media:  
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All media covered the second day of President Bush's visit to Israel and the PA (not a lead story in Yediot and Maariv). This morning the President visited Yad Vashem. He will tour two Christian sites

on the shores of the Lake of Galilee (the Mount of Beatitudes and Capernaum) and then fly to Kuwait.

Ha'aretz bannered President Bush's statement summing up his visit: "There should be an end to the occupation that began in 1967," Bush said, presenting an outline for solving most of the core issues, which would include a compensation mechanism for Palestinian refugees, a contiguous Palestinian state, and secure and defensible borders for Israel. Ha'aretz quoted an Israeli official as saying on Thursday that Israel sees President Bush's push for reaching a peace treaty with the Palestinians within a year as a positive step.

"We see the Bush remarks as the basis of moving forward. We accept them. We see them as consistent with understandings with the Americans and as a positive foundation for moving forward," the official was quoted as saying, speaking on condition of anonymity. Ha'aretz noted that the Israeli response was the first to Bush's call for an end to what he said was the 40-year "occupation" of the West Bank, and for signing a peace treaty before he leaves office in January 2009. Ha'aretz said that Bush's comments marked a hardening of his tone toward Israel and could put Olmert at odds with right-wing members of his coalition who oppose sweeping peace concessions.

The Jerusalem Post stressed President Bush's wish to see a peace treaty signed by the time he leaves office. The newspaper emphasized the President's complaint that a Palestinian state is "long overdue." (Various media raised the option of a "shelf state.") The Jerusalem Post quoted Israeli diplomatic officials as saying that certain elements in the statement the President read to U.S. reporters in the King David Hotel on Thursday afternoon were welcome in Jerusalem, while others were deemed more "problematic." Among the welcome elements were what was deemed Bush's clear rejection of the Palestinian claim of a "right of return" to Israel, by saying that a future Palestinian state would be a homeland for the Palestinians, just as Israel is a homeland for the Jews. Jerusalem was also pleased that Bush essentially reiterated what was written in his 2004 letter to Ariel Sharon -- namely that final borders will entail mutually agreed adjustments, language that Israel interprets to mean a U.S. recognition that Israel can hold onto the large settlement blocs in a future agreement. Likewise, there was satisfaction that Bush said "security is fundamental," and that "no agreement and no Palestinian state will be born of terror." Bush also reaffirmed America's steadfast commitment to Israel's security. The most problematic aspect had to deal with some of the language, with eyebrows raised that Bush referred to the "occupation."

The Jerusalem Post quoted National Security Advisor Stephen Hadley as saying that Bush would be returning to the region "at least once and maybe more" before the end of his term to push his program forward.

The media reported that Bush met with cabinet ministers at a dinner in his honor hosted by PM Ehud Olmert at his official residence in Jerusalem. One of the President's messages was about domestic Israeli politics. According to Ha'aretz, President Bush implored senior cabinet ministers to work to promote the peace process, telling them that the current situation cannot continue and efforts to achieve a peace treaty must be made. "Take care of Olmert, so he will stay in power," media quoted Bush as saying at the dinner. "He's a strong leader. Israeli politics is like karate, you never know when the next chop will come." Ha'aretz quoted PM Olmert as saying at the dinner that the peace process must go forward. Vice Premier Haim Ramon agreed with Bush's statement on the necessity of creating a Palestinian state. "Israel's problem is the occupation, which jeopardizes [our existence as] a Jewish and democratic state," Ramon said. "That's not the Palestinians' problem, that's our problem." Shas chairman Eli Yishai, the Industry, Trade and Employment Minister, raised reservations, telling Bush, "I appreciate your visit and your concern for Israel but we cannot make peace with half of the Palestinian nation, while Abu Mazen [Palestinian President Mahmoud Abbas] does not control the Gaza Strip." Yishai recited several psalms emphasizing the importance of Jerusalem and said he would not compromise on the unity of the capital. Acting against the wishes of PM Olmert, Yishai gave Bush a letter from Shas spiritual leader Rabbi Ovadia Yosef urging the release of convicted spy Jonathan Pollard, as well as a letter from Pollard's wife, Esther.

Channel 10-TV's regional correspondent noted last night that the President's presence and speech in Ramallah were advantageous for the PA in the short term, but that they would become detrimental to it in the long term.

Secretary of State Condoleezza Rice was quoted as saying in an

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interview with The Jerusalem Post that "Iran is the single greatest threat to the kind of Middle East we all want to see." In response to the question, "What is your message to Israel in the event that it is now preparing to confront that danger alone," the Secretary was quoted as saying: "Israel is an American ally. The President has made clear that we have a stake in Israel's security and defense. This is similar for our Gulf allies with whom we have had security relations for decades. The U.S. takes those obligations and responsibilities." In the interview, the Secretary also reiterated the major points of the United States' Mideast policy.

Ha'aretz and Israel Radio reported that following a debate at the High Court of Justice on Thursday, Defense Minister Ehud Barak has given temporary orders to cancel planned cuts in the supply of industrial-use diesel fuel to the Gaza Strip.

Ha'aretz cited newly declassified U.S. documents showing that the CIA, backed by bodies including the State Department's Bureau of Intelligence and Research, determined in August 1974 that Israel had nuclear "weapons in being, a small number" of which it "produced and stockpiled."

Leading media reported that President Bush also named Lt. Gen. William Fraser to monitor the Israeli-Palestinian road map for peace, the White House said Thursday. Ha'aretz quoted White House spokesman Gordon Johndroe as saying that Fraser, who is Assistant to the Chairman of the Joint Chiefs of Staff, will "help monitor road map commitments."

Maariv and other media quoted The Washington Post as saying that Olmert is Bush's "poodle." The Jerusalem Post quoted senior Likud sources as saying on Thursday that PM Olmert acted like a "sycophant" by excessively praising President Bush at their joint press conferences, rather than defending Israel's interests. The Jerusalem Post cited the dismay of right-wing movements at the low turnout for anti-Bush rallies.

The media reported that on Thursday cabinet ministers tasked with laying the groundwork for a prisoner exchange to secure the release of kidnapped soldier Gilad Shalit met with PM Olmert and presented him with the list of Palestinian prisoners who could be released -- signaling that negotiations with Hamas may be close to a deal.

Yediot reported that PM Olmert intends to "honor a promise made to President Bush" by removing an unauthorized outpost -- perhaps Migron -- before the publication of the final Winograd report on January 30.

All media reported that Likud Chairman Binyamin Netanyahu told President Bush on Thursday: "We have no partner. Abu Mazen (Abbas) is a virtual partner." Yediot reported that the President told the sons of Ariel Sharon that he longs for the former PM.

Israel Radio reported that the UN Security Council (UNSC) condemned this week's Katyusha rocket on the Galilee, saying that it breached UNSC Resolution 1701. The radio said that the Libyan ambassador to the United Nations, Giadalla Ettalhi, who is the current President of the UNSC, had to read out the Council's statement, despite his objection to the decision. In its lead story, Maariv cited the belief of Hezbollah Secretary-General Hassan Nasrallah that Israel will soon declare the two IDF soldiers abducted to Lebanon in July 2006 as fatalities. The newspaper quoted a senior Israeli defense source as saying that Israel does not want to perpetuate their status as MIAs.

Maariv reported that on Thursday Transportation Minister Shaul Mofaz launched a campaign in Kadima to replace Olmert.

Former U.S. Ambassador to Israel Daniel Kurtzer was quoted as saying

in an interview with Yediot that the Clinton administration was greatly to blame for the failure of the Camp David talks. Kurtzer also criticized later mistakes -- the failure to talk with Iran, Hamas, and Syria.

Leading media reported that Bank Hapoalim, Israel's largest bank, will need to write off \$350 million on its U.S. credit portfolio -- on top of a previous \$90 million -- following the crisis in the U.S. credit markets.

Maariv printed the results of TNS/Teleseker polls that asked who was the most worthy and suitable person to replace PM Olmert, were he to resign: Binyamin Netanyahu: 40.5%; Tzipi Livni: 21.7%; Ehud Barak: 16.4%.

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President Bush to Israel, West Bank, January 9-11, 2008:  
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Summary:  
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The independent, left-leaning Ha'aretz editorialized: "The President clearly understands his critical, irreplaceable role in advancing the peace process.... [The time remaining to him] must not be viewed as time that is lost from the get-go."

Op-Ed Page Editor Ben-Dror Yemini wrote in the popular, pluralist Maariv: "Bush entered the White House after the Palestinians rejected the Clinton plan. So what exactly did people expect him to offer in order to be more 'balanced'?"

Columnist Calev Ben-David wrote in the conservative, independent Jerusalem Post: "During [Bush's] time in the White House, though, he has sometimes confused rhetoric with reality, and overestimated the power of simply having a vision."

Block Quotes:  
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#### I. "Not a Lost Year"

The independent, left-leaning Ha'aretz editorialized (1/11): "The experience from the last several years teaches that Olmert and Abbas need more than goodwill -- they need all the support from the President of the U.S. that they can muster in order to make progress. Bush's visit to the region extricated the negotiations from the mud in which they sank after Annapolis and pushed the parties into starting talks on the core issues. For these talks to move forward and turn into an agreement, they will need careful shepherding by the U.S. It will also be a test for Bush: Will he make do with pretty pronouncements about a brighter future or will he play a determined, serious role in making it happen? In Wednesday's press conference at the Prime Minister's residence Bush spoke, perhaps slightly in jest, about 'nudging them forward.' Calling his trip here a 'pretty significant nudge.' The President clearly understands his critical, irreplaceable role in advancing the peace process. The year remaining to him in the White House is the right time to realize that responsibility and to rescue the two-state solution. It must not be viewed as time that is lost from the get-go."

#### II. "The Anti-American Bug"

Op-Ed Page Editor Ben-Dror Yemini wrote in the popular, pluralist Maariv (1/11): "The Israeli establishment is still pro-American.... But parts of the Right and the Left hurl criticism at Bush.... Bush entered the White House after the Palestinians rejected the Clinton plan. So what exactly did people expect him to offer in order to be more 'balanced'? West Jerusalem, on top of East Jerusalem? The evacuation of Tel Aviv University to make good on the right of return to Sheikh Munis [a destroyed Palestinian village on the university's site]? As is well known, the culture of deceit presents a totally different picture. That culture has taken over a significant part of the Arab media and an important one in the Western media."

### III. "Why the Bush Vision of Peace is Still Somewhere over the Rainbow"

Columnist Calev Ben-David wrote in the conservative, independent Jerusalem Post (1/11): "Bush has talked plenty about 'vision' during this visit --- in fact, it's far and away the word he's used the most.... Unfortunately, the problem with those Palestinians who oppose a two-state solution isn't that they lack a vision for the Palestinian state -- it's that they lack a vision for a Jewish state existing alongside it.... Bush is to be commended for his sincere belief in the power of a vision of peace, and on his dedication this week to try to make it happen. During his time in the White House, though, he has sometimes confused rhetoric with reality, and overestimated the power of simply having a vision -- such as 'Bringing democracy to the Middle East' -- with the ability to make it actually happen.... It's nice, and right, to dream, especially of peace. But as the U.S. President saw this week in Jerusalem, sometimes the skies here are not blue -- and when you're not in Kansas anymore, or in the Wonderful Land of Oz, dreams and visions shouldn't be confused with reality."

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